

Media Release

Immediate Release

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COMPETITION COMMISSION TO JOIN FORCES WITH THE DEPARTMENT OF BASIC EDUCATION, SCHOOL GOVERNING BODIES TO STRENGTHEN REGULATION ON PROCUREMENT OF SCHOOL UNIFORM & OTHER LEARNING RELATED GOODS & SERVICES

On **Monday 01 March 2021 at 10h00**, the Competition Commissioner Mr Tembinkosi Bonakele will be signing Memorandum of Understandings (MoU's) with the Governing Body Foundation (GBF), the National Association of School Governing Bodies (NASGB), the Federation of Governing Bodies of South African Schools (FEDSAS) and the South African National Association of Specialised Education (SANASE) at the virtual Media Conference.

The Honourable Minister of Basic Education Mrs Angie Motshekga will deliver a keynote address at the event. which is scheduled for the signing of a The MoU's between the Competition Commission of South Africa (Commission) marks the new era in the strengthening of competition policy on regulation of procurement of school uniform and other learning-related goods and services.

The signing of the MoU's is a culmination of years of investigations and advocacy following complaints received from parents who were forced to buy school uniform from exclusive selected suppliers. The four associations joining hands with the Commission are non-profit voluntary organisations representing school governing bodies across the nation. They organise, mobilise and provide their members with a range of services including advocacy, school best practice, professional development and other services. The MoU's are aimed at solidifying working relations between the Commission and the school governing bodies.

The MOU establishes cooperation between the parties on the following three broad principles;

Education and Awareness: Collaboration on efforts to educate and raise awareness on anti-competitive procurement practices, developing and sharing relevant educational materials for schools as well as participate in each other's conferences, workshops and events.

Address Anti-Competitive Procurement Process: Collaboration on efforts to ensure that schools comply with the School Uniform Guidelines published by the DBE and to principles that promote competition in the procurement of other learning-related goods and services.

Monitoring and Compliance: Collaboration on efforts to administer monitoring mechanisms by engaging all member schools to sign the “Undertaking on Best Practice Principles of Procurement” as a commitment to practice pro-competitive procurement.

The Commission has also concluded settlement agreements with the following schools and school groups; AdvTech Group, St Andrew’s School for Girls, Curro Schools and Inspired Schools as well as with GRIT Procurement and McCullagh & Bothwell, two of the largest manufacturers and suppliers of school uniform.

In engaging on the settlement agreements, the Commission’s main objective was to bring about change to the practices inherent in the supply of school uniform by soliciting firm commitments from the schools and the suppliers to change their future conduct and to ensure that there is more competition in the market that will yield better prices, which are affordable to consumers.

[ENDS]

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BACKGROUND TO THE COMMISSION'S INVESTIGATIONS INTO SCHOOL UNIFORM

Since 2010, the Commission has been inundated with such complaints confirming a widespread practice by many schools who sign exclusive supply agreements with specific pre-selected suppliers of school uniform. The Commission found that agreements between schools and suppliers were entered into without any transparent competitive bidding processes as a result they substantially prevented and lessened competition. Consequently, the parents were forced to pay higher prices. The Commission subsequently initiated an investigation against various schools and suppliers of school uniform.

The Commission embarked on an extensive advocacy and awareness drive against anti-competitive behaviour in the procurement of school uniform. It engaged key stakeholders in the basic education sector as part of this process. These included, amongst many others, the governing body associations and the DBE.

In 2020 during the COVID-19 pandemic, the Commission witnessed an escalation of such complaints now more directly linked to the requirements by for learners to wear school branded or purchase brand-specific Covid-19 related items. These include face masks, hand sanitizers, technological gadgets for e-learning purposes and other items.

In light of these developments, the Commission and the Department of Basic educations issued a joint circular on guidelines on the procurement of school uniform and other learning-related goods and service. These guidelines have been circulated all relevant stakeholders groups and governing bodies as a set of rules to regulate procurement of school uniform. Many schools have started to implement the guidelines, since the first publication in 2015 and have identified items such as school ties, blazers, caps etc as part of limited exclusive clothing.

The signing of the MoU's is a culmination of years of intensive investigations and consultations following complaints received from parents who were forced to buy school uniform from exclusive selected suppliers.

In the main, the MoU's further aim to:

- a) Advocate for schools to comply with competition law.
- b) Promote compliance among schools to the Competition Act and/or any guidelines issued by the Commission.
- c) Assist the Commission with the resolution of complaints by parents regarding non-compliance of specific schools to the pro-competitive principles governing the school uniform procurement process. According to the MoU's, the principles of cooperation include the following activities:

- a) Education and Awareness: Collaboration on efforts to educate and raise awareness on anti-competitive procurement practices, developing and sharing relevant educational materials for schools as well as participate in each other's conferences, workshops and events.
- b) Address Anti-Competitive Procurement Process: Collaboration on efforts to ensure that schools comply with the School Uniform Guidelines published by the DBE and to principles that promote competition in the procurement of other learning-related goods and services.
- c) Monitoring and Compliance: Collaboration on efforts to administer monitoring mechanisms by engaging all member schools to sign the "Undertaking on Best Practice Principles of Procurement" as a commitment to practice pro-competitive procurement.

Schools must comply with the following guidelines

- a) School uniform should be as generic as possible such that it is obtainable from many suppliers.
- b) Schools should preferably appoint more than one supplier in order to give parents more options.
- c) Exclusivity should be limited to items that the school regards as necessary to get from preselected suppliers.
- d) Exclusive agreements concluded with suppliers should be of limited duration, between 3 to 5 years. When appointing exclusive suppliers, schools should follow a competitive bidding process.